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FM AMEMBASSY OTTAWA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4796
INFO RUCNCAN/ALL CANADIAN POSTS COLLECTIVE
RUEHSS/OECD POSTS COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 2189
RUEHJA/AMEMBASSY JAKARTA 0228
RUEHLJ/AMEMBASSY LJUBLJANA 0068
RUEHNE/AMEMBASSY NEW DELHI 0375
RUEHTN/AMCONSUL CAPE TOWN 0329
RUEKJCS/SECDEF WASHDC
RUEHIN/AIT TAIPEI 0122
RHEHNSC/WHITE HOUSE NSC WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASH DC
RUCPDOG/DEPT OF COMMERCE WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 OTTAWA 000100

SIPDIS

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STATE FOR EB/IFD/ODF; EB/ESC/TFS; WHA/CAN
PARIS ALSO FOR OECD
COMMERCE FOR 6731 ELENZ

E.O. 12958: DECL: 01/18/2017
TAGS: [CA](#) [EFIN](#) [IR](#) [MNUC](#) [PREL](#) [UNSC](#) [OECD](#)
SUBJECT: CANADA: NO EXPORT CREDITS FOR IRAN

REF: A. STATE 4760
[1](#)B. 06 STATE 192099

Classified By: EMIN BRIAN MOHLER. EO 12958 Reasons 1.4 (b) and (d)

[1](#)1. (sbu) Summary: Canada does not/not extend export credits or insurance to support trade with Iran, according to Canada's Department of Foreign Affairs. Canada practices a restrictive, "controlled engagement" policy toward Iran that is limited to the murder case of Canadian-Iranian photojournalist Zahra Kazemi, human rights, and nuclear nonproliferation. Canadian firms that export to Iran must obtain a permit, which is routinely denied if there is any possibility of "dual use." Canadian exports to Iran totaled some U.S. \$226 million in 2005 and U.S. \$172 million in 2004. End Summary.

[1](#)2. (sbu) Ahead of Embassy's demarche on Trade and Finance Ministry officials regarding export credits to Iran (reftel), Econcouns discussed Canada's official trade relationship with Iran with Robert Publicover, Foreign Affairs Economic/Commercial Director for Iran, Iraq, Egypt, Syria, Lebanon and Jordan. (Comment: Trade Minister Emerson, Finance Minister Flaherty, and senior ministry officials are traveling in Asia and will return to Ottawa next week. End Comment.)

[1](#)3. (c) Publicover stated that the Government of Canada does not/not extend export credits or insurance to support trade with Iran. He also stated that there are no significant pending deals with Iran. Publicover was unsure whether Canada had any "longstanding" sovereign or non-sovereign exposure to Iran, but said he would research the matter.

[1](#)4. (c) Publicover stated that Canada's political and commercial policies toward Iran are very restrictive and are based on then-Foreign Minister Pettigrew's May 2005 public statement following an Iranian court decision that exonerated the alleged murderers of Zahra Kazemi, a Canadian-Iranian photojournalist. In his announcement, Pettigrew stated the "bilateral relationship with Iran cannot proceed as normal," and that Canada would tighten its "controlled engagement" policy with Iran. Publicover stated that Pettigrew had been "deeply upset" over the Kazemi case, and was ready to cut off

diplomatic relations with Iran. According to Pettigrew, however, Canadian Foreign Affairs officials successfully argued that this would leave Canada with no influence in Iran. (Canada does not currently have an ambassador in Tehran, and Iran pulled its own ambassador out of Ottawa in 2005.)

15. (sbu) The main points of Canada's official policy toward Iran include:

- Canada limits its encounters with Iranian officials to the Kazemi case, human rights in Iran, and nuclear non-proliferation.
- Iranian officials are not permitted to enter Canada, and Canadian officials will not engage with Iran, except relating to the above issues.
- Iranian Embassy officials in Ottawa must obtain Ministry of Foreign Affairs advance approval before meeting Government of Canada officials.
- Canada will apply "strict export controls on sensitive goods" and advise Canadian businesses as to the political environment in Iran.
- Canadian government agencies will have no cooperation programs with the Iranian government.

16. (c) Publicover emphasized the Government of Canada would not support businesses dealing with Iran, especially entities associated with the Iranian government. He cited two cases involving a Canadian grain shipment and a Canadian oil

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services company that were refused Canadian support because the companies were dealing with entities associated with the Iranian government. Publicover stated that Canadian firms trading with Iran must obtain export permits, and that these permits are refused when the exported goods carry "any hint of dual use." He also stated that Canada reminds firms that the Canadian and U.S. economies are highly integrated and that goods traded with Iran could contain significant U.S. content -- which in turn could run afoul of USG sanctions law that USG authorities enforce on an "extraterritorial basis."

17. (u) Canada-Iran Trade

Total Canada Exports to Iran
Thousands of U.S. Dollars
(2005 is latest available year)

2005	\$226,347
2004	\$171,544
2003	\$167,764
2002	\$106,748

Top Canadian Goods to Iran (2005)
(Thousands of U.S. Dollars)

Barley	\$40,122
Soya Beans	\$36,153
Distilling Equipment	\$25,673

Total Iran Exports to Canada
(Thousands of U.S. Dollars)

2005	\$36,706
2004	\$58,240

2003	\$45,123
2002	\$34,952

Top Iranian Goods to Canada (2005)
(Thousands of U.S. Dollars)

Grapes,
Dried \$7,603

Carpets,
Knotted \$7,557

Pistachios \$7,083

(source: Statistics Canada)

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